(b) and (c) The tax paying population in other developing countries is higher than that of India. In Nigeria, it is indicated as less than 10 per cent of the total population. In developed countries the tax paying population varies from country to country but is substantially much higher than India and in some countries it is more than 50 per cent.

(d) In order to expand the tax base, a simple presumptive scheme of taxation for the taxpayers in the unorganised sector is under implementation for the past two years. A new estimated income scheme has been introduced for contractors and truck owners, in the Finance Act of 1994. Procedures have been simplified for promoting voluntary compliance. A single sheet return of income has been introduced for taxpayers having taxable income not exceeding Rs. 1,20,000 from sources other than business or profession.

Euro issue bonds

7520. SHRIMATI RENUKA CHOWDHURY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have imposed certain restrictions on Euro-issue bonds;

(b) if so, the reasons therefor and what are the implications thereof;

(c) whether it is a fact that Euro bonds were misused for financing activities other than specified by the companies for speculative and for higher interest investments or debt clearance;

(d) whether such activities contributed to inflation;

(e) what is foreign exchange earning through issues so far and expected income in the current year; and

(f) whether it is a fact that Euro issue bonds earnings are cheaper compared to high interest rates in India?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) Yes Sir, on a review of the working of the scheme for issue of Foreign Currency Convertible Bonds (FCCBs) and Ordinary shares through Global Depository Reecipts (GDRs) Mechanism, Government have issued further guidelines on 11.5.94 for Euro issues to be made by Indian companies. Revised guidelines have been framed taking into consideration factors governing macro economic management.

(c) and (d) While no instance of misuse of Euro issue funds for speculative investments by Companies have been brought to the specific notice of the Government, prepayment of high cost foreign currency loans by Indian companies are one of the end uses permissible under the fresh guidelines for Euro issues. This would help the companies to restructure their finances and in itself would not contribute to inflation.

(e) Upto 31st March 1994 Indian companies raised in aggregate an amount of about US $ 275 Million through issue of FCCs/GDRs. It is expected that the foreign investors would continue to evince good interest in investing in India in the current financial year also.

(f) With the relative stability of the external value of the Indian Rupee, Euro issues would help Indian companies to raise resources at a lesser cost.

Recommendations of Kaldate Panel on customers services in Banks

7521. SHRI SURESH PACHOURI: Will the Minister of FINANCE be pleased to state:

(a) whether public sector banks will have to modernise their services and improve customer services to face the stiff competition from foreign banks in the matter of customer services;

(b) whether the Kaldate Panel had observed in 1991 that implementation of the recommendations of customer services in banks had been tardy and have failed to provide quick and efficient services to their customers;

(c) if so, what were the recommendations of the Kaldate Panel and by when

their implementation will be seriously undertaken?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) to (c) Reserve Bank of India (RBI) had set up a Committee on Customer Service in Banks under the Chairmanship of Shri M. N. Goiporia, tht then chairman State Bank of India to go into the various aspects of Customer Service in banks and make suitable recommendations for improvement. This Committee has made a number of recommendations. One of the recommendations relates to modernisation of banks. In so far as modernisation in the working of Banks and improvement in Customer Service is concerned as on 31-12-93, public sector banks had partially|fully computerised 41 branches. In addition, public sector banks have prepared plans for total computerisation of 400 branches during the next 2|3 Years, Committee on Government Assurances, Rajya Sabha under the Chairmanship of Dr. Bapu Kaldate have presented their 40th Report to the Rajya Sabha on 13th May, 1994 wherein the Committee has made certain observations|recommenrations. Brief summary of these observations/recommendations is at staement. (see beow). Ihese recommendations are being examined by Government in consultation with RBI.

Statement

Brief summary of the observation| recommendation of the Committee on Government Assurances for the implementation of the Goiporia Committee recommendations on customer services

1. The Committee on Government Assurances after having discussed the matter with managements of the Indian and Foreign Banks and after scrutinising the Voluminous documents relating to implementation of the recommendaton of the Goiporia Committee report in the banks has come to the conclusion that huge gap exists between theory and practice in implementation of the recommendations of the Goiporia Committee on customer services.

2. Despite the instructions issued by RBI to the banks advising them to initiate suitable action in respect of 65 recommendations of the Goiporia Committee the managements of the banks have not taken proper initiative and interest in implementation of the recommendations except issuing circular directing their respective branches to implement the recommendations. The Committee is pained to observe here that neither the RBI nor the managements of the banks have taken it seriously to implement the recommendations.

3. The managements of the banks had after having recieved the instructions from the RBI issued circular to its respective banks for the implementation of the recommendations of the Goiporia Committee but have not developed any mechanism to receive the feed-back to ensure the proper implementtaion of the reocmmendations by the concerned banks at the respective managements level.

4. Government should issue direction to the managements of the bank to get the report from all the regional banks with regard to the implementation of the recommendation of the Goiporia Committee on 1/2 yearly basis.

5. The Committee is constrained to note that a simple recommendation on wearing of identify badges by employees which can be implemented with very little effort is yet to be implemented by many banks. Further the recommendation on periodic change of department and allocation of jobs carrying higher responsibilities is not being implemented satisfactorily in letter and spirit. Banks are yet to devise a satisfactory training programme to bring about positive attitudinal changes compatible to customer ori-

entation. The Committee desires that Gelporia Committee recommendations contained in para 3.54 to 3.58 on proper training of bank employees be fully implemented without further delay so as to improve the customer services.

6. The Committee also desires that banks should evolve a suitable system of rewards/recognition so that the employees with casual and indifferent approach towards their customer are put into a disadvantageous position. The employees of the bank should be rated by the level of customer satisfaction provided by them due to their prompt and efficient work and such employees should be rewarded through various incentives.

7. The Committee is of the opinion that the customer service is an ongoing process and it should be periodically upgraded through innovation.

8. The Committee is of the view that at present the Public Sector Banks are facing uneven competition with Foreign Banks as they have to fulfil certain social obligation and have to provide services in rural, farflung and other backward areas which are uneconomical. They have to mobilise resources and provide financial assistance to the weaker section of the society. In this regard they cannot be equated with foreign banks in the matter of providing customer services of that level. Presently, the Committee feels that in order to face the stiff competition in this regard the public sector banks will have to modernise their working and improve their customer services.

9. Committee also noticed that the present security arrangements in the various banks are not adequate and proper particularly in the North Eastern areas where many branches of the banks have to be closed down due to this reason. The Committee is of the opinion that banks may be provided with proper security with modern equipment and trained staff. Apart from this some sort of banking security service may be evolved to provide necessary security to the banks operating in remote and far flung areas of North Eastern region.

10. The Committee is of the opinion that the introduction of single window concept in the Banks for issuance of drafts and bankers cheques/pay orders is one of the most important segments of the customer service. The Committee, therefore, impresses upon the Reserve Bank of India to draw a strategy in consultation with the Indian Banks' Association for the implementation of this recommendation on the top priority basis.

11. The Committee also noticed that none of the Nationalised Banks have extended the facilities of "password" to their customers. The Committee feels that the Banks should try to provide such facilities to their customers on an experimental basis in their respective branches where total automation is being implemented.

12. The Committee feels that there is a wide difference in implementation of various recommendations by different banks. While some banks have successfully implemented the same recommendations on customer services whereas others are finding it difficult to implement. The Committee, therefore recommends that experience gained by those banks who have implemented these recommendations should be further utilised in implementing the same by those banks who are yet to implement through proper interaction among the banks.

13. The Committee recommends that the recommendations pertaining to the pay telephones for the use of the customers in large branches during the business hours need not to be implemented as security risk is involved therein.

14. The Committee during its visit to the Foreign Banks have also noticed wide gap between the work culture in the foreign banks vis-a-vis Indian Banks. The Committee feels that the nationalised banks should introduce computerisation in banks which are functioning in

the metrocities so that quick and efficient services comparable to the private and foreign banks can be provided to its customers. Bank's should try to impart "in House training" for the employees in the process of modernisation including computerisation.

15. The Committee during its visit noticed that some of the managements o the banks are organising social functions like promotion of national integration and communal harmony, family planning, literacy programme and adult education etc. Such programmes not only attract more customers in the banks but also render valuable service to the customers. The Committee therefore feels that the Government should encourage the banking industry to undertake such social activities.

16. The Committee is of the opinion that publicity policy related to each banks needs in general should be left to the individual banks discretions and the Indian Banks' Association should take up only such campaigns which are required to be taken up on banking industry level

17. The Committee recommends that the Customer Oriented Training Programmes should be organised by the banks for its employees so that they are made aware of the customers needs

18. The Committee is of the opinion that the banks should encourage "think tanks" at the higher levels in the banks to evolve innovative schemes to attract more deposits and also to upgrade their customer services.

19 The Ministry of Finance should issue necessary instructions to the RBI and different managements of the Indian and Foreign Banks in the light of the Committee on Government Assurances recommendations/directions to take necessary steps for the proper and successful implementation and furnish the action taken notes thereon for consideration of the committee.

Cases of sick PSUs pending before BIFR

7522. SHRI GHUFRAN AZAM: Will the Minister of FINANCE be pleased to state:

(a) whether cases pending before Board fo. Industrial and Financial Reconstruction (BIFR), about sick Public Sector Undertakings have been awaiting certain signals from Government;

(b) whether due to delay in getting proper rehabilitation schemes approved by Government and BIFR decisions about these Public Sector Undertakings are getting further delayed;

(c) whether situation in those PSUs is further deteriorating as far as operation and business of these units are concerned and

(d) if so, the details thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V CHANDRASHEKHAR MURTHY): (a) to (d) Under Section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), it is obligatory for Sick Industrial Companies to make a reference to the Board for Industrial and Financial Reconstruction (BIFR). As per the provisions of SICA, the BIFR has to explore different alternatives for revival of a sick industrial company before forming an opinion that it is just and equitable that the company be wound-up BIFR has also to give a reasonable opportunity to all concerned, including the Administrative Ministry and the sick company, to be heard. Any request received for grant of further time has also to be considered by BIFR. Further, in the case of some sick Public Sector Undertakings, BIFR has on request granted time to the Administrative Ministry/company concerned to give their final views on issues like induction of additional funds and allied matters, which are essential to